the Union Government are going to make the cost of living for the average citizen higher by at least 20% as against a rise of 1.2% in W.P.I. estimated by the Government;

(b) if so, whether the Government made any realistic estimate of the consequential effects of these hikes on the country's balance of payments positions and foreign exchange reserves; and

(c) the steps the Government take to ensure that imports hereafter would not be costlier and international competition for country's exporters less difficult.

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM): (a) The extent of increase in the cost of living will depend on many factors like intensity of use of power and petroleum products in other products as inputs, the increase in productivity in these sectors, extent of subsidy and the overall stance of monetary policy etc. Increased energy efficiency will also contain the increase in the cost of living.

The recent increase in the prices of petroleum products, however, is anticipated by the Ministry of Petroleum to directly result in a one-time jump in the cost of living of around 1 per cent. Furthermore, during the period from July 7, 1995 to July 6, 1996, the rise in the price of electricity contributed less than one half of a percentage point to the overall point to point inflation of 4.4 per cent.

(b) The long overdue upward revision in domestic administered prices of petroleum products will reduce the overall subsidy on such products, promote energy conservation and dampen the demand for such products. This will help in containing the build up of unsustainable pressure from petroleum products on the balance of payments and our foreign exchange reserve.

(c) Costs of imports in foreign exchange depend and will continue to depend upon international prices.

International competitiveness of our exports depends upon the real exchange rate of the Rupee vis-a-vis the currencies of our trade partners. Although the exchange rate is market determined, the overall stance of policies is geared towards maintaining the competitiveness of India's exports. Various export promotion measures also strengthen our competitiveness. Furthermore, the RBI intervenes in the Foreign Exchange market to maintain orderly market conditions.

Policy on Tobacco Industry

1901. SHRI R. SAMBASIVA RAO: Will the Minister of COMMERCE be pleased to state:

(a) whether the Government propose to make a new policy on Tobacco;

(b) if so, the details thereof;

(c) whether the Government also propose to invivte in views of multinational manufacturers of the aforesaid industry; and

(d) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH): (a) No, Sir.

(b) to (d) Does not arise.

[Translation]

Foreign Investment

1902. SHRI JAGDAMBI PRASAD YADAV: Will the Minister of INDUSTRY be pleased to state:

(a) the total capital investment in the country after liberalisation and out of it how much of it went into the production of consumer goods;

(b) the present stand of the Government in this regard;

(c) whether any estimate of its effect on the people and industry of the country has been made by the Government; and

(d) whether the Government will restrict foreign investment into the areas where the domestic industry is not competitive so that no harm is caused to small and medium scale industries?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) to (d). The gross capital investment has increased from Rs. 1,44,024 crores in 1991-92 to Rs. 2,38,410 crores in 1994-95. During the period from 1.8.91 to 31.05.96, Rs. 71036.68 crores of foreign direct investment including in consumer goods sector have been approved by the Government. Under the Policy governing foreign investment, 22 specified consumer sectors invite the condition of dividend balancing i.e. repatriation of profits (dividends) over 7 years period must be balanced by export earning.

There is provision for reservation of more than 800 items for small scale sector. If a non-small sector unit wants to manufacture items reserved for small scale sector they have to undertake an export obligation of 75%.

[English]

Decline in Export of Traditional Items

1903. SHRI RAMESH CHENNITHALA: Will the Minister of COMMERCE be pleased to state:

(a) whether the export of traditional items like cashew, coir products, spices and other agricultural products has declined both in volume as well as in value terms during the last three years;

(b) if so, the details thereof, year-wise;